

TOWN OF GRAND COTEAU, LOUISIANA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor,
 and Members of the Board of Aldermen
 Grand Coteau, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Coteau, Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Coteau, Louisiana, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 29, 2011, on our consideration of the Town of Grand Coteau's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The required supplementary information on pages 31 through 33 are not a required part of the basic financial statements but are required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable Mayor,
and Members of the Board of Aldermen
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The Town of Grand Coteau has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Grand Coteau, Louisiana's basic financial statements as a whole. The other supplementary information on pages 34 through 45 and pages 51 through 56 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.


Opelousas, Louisiana
December 29, 2011

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

The Town of Grand Coteau's basic financial statements are comprised of the following three components:

Government-wide financial statements – provide readers with a broad overview of the Town of Grand Coteau's finances in a manner similar to a private sector business.

Fund financial statements – provide readers information with an emphasis on inflows and outflows of resources useful for making decisions in a budgetary context where the focus is on meeting the Town's near-term financial needs.

Notes to basic financial statements – provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and cash equivalents	\$ 60,215	\$ 57,822	\$ 118,037
Investments	-	1,241	1,241
Receivables, (net of allowance for uncollectibles)	16,107	45,551	61,658
Due from other governments	26,056	-	26,056
Internal balances	(75,789)	75,789	-
Restricted assets	-	226,507	226,507
Prepaid expenses	-	1,026	1,026
Capital assets (net)	1,264,530	2,445,010	3,709,540
<u>Total assets</u>	<u>1,291,119</u>	<u>2,852,946</u>	<u>4,144,065</u>
<u>LIABILITIES</u>			
Bank overdraft	46,275	-	46,275
Accounts payable and accrued expenses	30,275	23,918	54,193
Payable from restricted assets	-	48,180	48,180
Long-term liabilities			
Due within one year	3,260	11,425	14,685
Due in more than one year	37,574	227,979	265,553
<u>Total liabilities</u>	<u>117,384</u>	<u>311,502</u>	<u>428,886</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,264,530	2,205,606	3,470,136
Restricted for:			
Customer deposits	-	68,443	68,443
Bond retirement	-	98,459	98,459
Unrestricted (deficit)	(90,796)	168,936	78,141
<u>Total net assets</u>	<u>1,173,735</u>	<u>2,541,444</u>	<u>3,715,179</u>

The accompanying notes are an integral part of the basic financial statements

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS		
	FEES, FINES AND CHARGES FOR EXPENSES	SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
FUNCTIONS / PROGRAMS							
Governmental Activities							
General government	\$ 249,314	\$ -	\$ -	\$ -	\$ (249,314)	\$ -	\$ (249,314)
Public safety	488,248	150,862	-	7,884	(328,900)	-	(328,900)
Public works	160,171	-	-	163,265	(2,806)	-	(2,906)
Culture and recreation	2,731	-	-	-	(2,731)	-	(2,731)
Total governmental activities	900,462	150,862	-	170,949	(584,851)	-	(584,851)
Business-type Activities							
Gas	205,748	262,844	-	-	-	56,896	56,896
Water	110,858	114,132	26,000	-	-	29,474	29,474
Sewer	178,820	99,127	-	-	-	(77,693)	(77,693)
Total business-type activities	493,226	476,903	26,000	-	-	8,677	8,677
Total primary government	1,399,688	626,565	26,000	170,949	(584,851)	8,677	(578,174)
General revenues							
Taxes							
Property taxes, levied for general purposes					30,370	-	30,370
Sales taxes, levied for general purposes					176,195	-	176,195
Franchise taxes					63,876	-	63,876
Interest and investment earnings					-	1,221	1,221
Occupational licenses and other permits					37,247	-	37,247
Intergovernmental					234,527	-	234,527
Miscellaneous					30,015	-	30,015
Donation of fixed assets					8,860	-	8,860
Transfers					123,255	(123,255)	-
Total general revenues and transfers					703,344	(122,034)	581,310
Changes in net assets					118,493	(113,357)	5,136
Net assets - July 1, 2010					1,055,242	2,654,801	3,710,043
Net assets - June 30, 2011					1,173,735	2,541,444	3,715,179

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

TOWN OF GRAND COTEAU, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>GENERAL</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 28,029	\$ 32,186	\$ 60,215
Receivables, net of allowance for uncollectibles			
Taxes	2,021	31	2,052
Franchise	14,055	-	14,055
Intergovernmental	26,056	-	26,056
Due from other funds	<u>96,661</u>	<u>26,941</u>	<u>123,602</u>
<u>Total assets</u>	<u>166,822</u>	<u>59,158</u>	<u>225,980</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Bank overdraft	\$ 48,276	\$ -	\$ 48,276
Accounts payable	30,275	-	30,275
Due to other funds	<u>194,785</u>	<u>4,606</u>	<u>199,391</u>
<u>Total liabilities</u>	<u>271,335</u>	<u>4,606</u>	<u>275,941</u>
 <u>FUND BALANCES</u>			
Assigned		54,552	54,552
Unassigned	<u>(104,513)</u>	<u>-</u>	<u>(104,513)</u>
<u>Total fund balances (deficit)</u>	<u>(104,513)</u>	<u>54,552</u>	<u>(49,961)</u>
<u>Total liabilities and fund balances</u>	<u>166,822</u>	<u>59,158</u>	<u>225,980</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total fund balances for governmental funds at June 30, 2011		\$	(49,961)
Cost of capital assets at June 30, 2011	\$	2,092,634	
Less: Accumulated depreciation as of June 30, 2011	<u>(828,104)</u>		1,264,530
Prepaid expenses at June 30, 2011			-
Elimination of interfund assets and liabilities			
Due from other funds	123,602		
Due to other funds	<u>(123,602)</u>		-
Long-term liabilities at June 30, 2011			
Compensated absences	(37,574)		
Capital lease	<u>(3,260)</u>		<u>(40,834)</u>
Net assets at June 30, 2011			<u>1,173,735</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>GENERAL</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>			
Taxes	\$ 94,245	\$ 175,195	\$ 269,440
Licenses and permits	37,247	-	37,247
Intergovernmental	405,476	-	405,476
Fines and forfeits	150,662	-	150,662
Miscellaneous	29,708	307	30,015
<u>Total revenues</u>	<u>717,338</u>	<u>175,502</u>	<u>892,840</u>
<u>EXPENDITURES</u>			
Current operating			
Executive and administrative	221,088	7,737	228,825
Street department	135,715	-	135,715
Police department	414,489	-	414,489
Fire department	23,859	-	23,859
Debt service	5,971	-	5,971
Capital outlay	227,412	-	227,412
<u>Total expenditures</u>	<u>1,028,534</u>	<u>7,737</u>	<u>1,036,271</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>			
<u>OVER (UNDER) EXPENDITURES</u>	<u>(311,196)</u>	<u>167,765</u>	<u>(143,431)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Donation of fixed assets	8,860	-	8,860
Transfers in	280,410	-	280,410
Transfers out	-	(157,155)	(157,155)
<u>Total other financing sources (uses)</u>	<u>289,270</u>	<u>(157,155)</u>	<u>132,115</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(21,926)</u>	<u>10,610</u>	<u>(11,316)</u>
<u>FUND BALANCES (Deficit), beginning of year</u>	<u>(82,587)</u>	<u>43,942</u>	<u>(38,645)</u>
<u>FUND BALANCES (Deficit), end of year</u>	<u>(104,513)</u>	<u>54,552</u>	<u>(49,961)</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Total net change in fund balances for the year ended June 30, 2011 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (11,316)
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 227,412
Depreciation expense for year ended June 30, 2011	<u>(73,293)</u> 154,119
Differences between prepaid expenses on modified accrual basis versus accrual basis	(3,875)
Principal payments made on capital lease considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balance	5,971
Differences between compensated absences on modified accrual basis versus accrual basis	<u>(28,406)</u>
<u>Total change in net assets for the year ended June 30, 2011 per Statement of Activities</u>	<u>118,493</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER FUND FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash and cash equivalents	\$ 10,210	\$ 33,943	\$ 13,669	\$ 57,822
Investments	1,241	-	-	1,241
Accounts receivable, net	16,262	18,150	11,091	45,503
Accrued interest receivable	28	-	20	48
Due from other funds	71,013	16,321	8,403	95,737
Prepaid insurance	302	364	340	1,026
<u>Total current assets</u>	<u>99,056</u>	<u>68,798</u>	<u>33,523</u>	<u>201,377</u>
<u>RESTRICTED ASSETS</u>				
Cash	42,042	96,273	15,007	153,322
Investments	42,976	-	30,209	73,185
<u>Total restricted assets</u>	<u>85,018</u>	<u>96,273</u>	<u>45,216</u>	<u>226,507</u>
<u>PROPERTY AND EQUIPMENT</u>				
Utility plant, net	30,486	687,247	1,727,277	2,445,010
<u>Total assets</u>	<u>214,560</u>	<u>852,318</u>	<u>1,806,016</u>	<u>2,872,894</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES (from current assets)</u>				
Accounts payable	11,218	555	180	11,953
Compensated absences	6,676	-	-	6,676
Deferred revenue	5,289	-	-	5,289
Due to other funds	-	14,494	5,454	19,948
<u>Total</u>	<u>23,183</u>	<u>15,049</u>	<u>5,634</u>	<u>43,866</u>
<u>CURRENT LIABILITIES (from restricted assets)</u>				
Revenue bonds payable	-	7,000	4,425	11,425
Interest payable	-	915	-	915
Customers' deposits	32,660	14,605	-	47,265
<u>Total current liabilities</u>	<u>32,660</u>	<u>22,520</u>	<u>4,425</u>	<u>59,605</u>

Continued on next page

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF NET ASSETS (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
<u>NONCURRENT LIABILITIES</u>				
Revenue bonds payable	\$ -	\$ 54,000	\$ 173,979	\$ 227,979
<u>Total noncurrent liabilities</u>	<u>-</u>	<u>54,000</u>	<u>173,979</u>	<u>227,979</u>
 <u>Total liabilities</u>	 <u>55,843</u>	 <u>91,569</u>	 <u>184,038</u>	 <u>331,450</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	30,486	626,247	1,548,873	2,205,606
Reserved for customer deposits	52,358	16,085	-	68,443
Reserved for bond retirement	-	57,568	40,791	98,459
Unrestricted	<u>75,873</u>	<u>60,749</u>	<u>32,314</u>	<u>168,936</u>
 <u>Total net assets</u>	 <u>158,717</u>	 <u>760,749</u>	 <u>1,621,978</u>	 <u>2,541,444</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
<u>OPERATING REVENUES</u>				
Charges for services	\$ 261,445	\$ 112,316	\$ 99,075	\$ 472,836
Miscellaneous income	1,199	1,816	52	3,067
<u>Total operating revenues</u>	<u>262,644</u>	<u>114,132</u>	<u>99,127</u>	<u>475,903</u>
<u>OPERATING EXPENSES</u>				
Personal services	40,770	23,708	19,952	84,428
Contractual services	96,415	-	4,630	101,045
Supplies	21,720	7,811	7,628	37,159
Other expenses	38,124	33,266	50,434	121,824
Depreciation	8,719	40,852	86,016	135,587
<u>Total operating expenses</u>	<u>205,748</u>	<u>105,635</u>	<u>168,660</u>	<u>480,043</u>
<u>OPERATING INCOME (LOSS)</u>	<u>56,896</u>	<u>8,497</u>	<u>(69,533)</u>	<u>(4,140)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Grants	-	26,000	-	26,000
Interest income	407	360	454	1,221
Interest expense	-	(5,023)	(8,160)	(13,183)
<u>Total non-operating revenues (expenses)</u>	<u>407</u>	<u>21,337</u>	<u>(7,706)</u>	<u>14,038</u>
<u>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u>	<u>57,303</u>	<u>29,834</u>	<u>(77,239)</u>	<u>9,898</u>
<u>OPERATING TRANSFERS IN (OUT)</u>				
Operating transfer in	-	8,571	8,047	16,618
Operating transfer out	(83,166)	(52,282)	(4,425)	(139,873)
<u>Total operating transfers in (out)</u>	<u>(83,166)</u>	<u>(43,711)</u>	<u>3,622</u>	<u>(123,255)</u>
<u>CHANGE IN NET ASSETS</u>	<u>(25,863)</u>	<u>(13,877)</u>	<u>(73,617)</u>	<u>(113,357)</u>
<u>NET ASSETS, beginning of year</u>	<u>184,580</u>	<u>774,626</u>	<u>1,695,595</u>	<u>2,654,801</u>
<u>NET ASSETS, end of year</u>	<u>158,717</u>	<u>760,749</u>	<u>1,621,978</u>	<u>2,541,444</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash received from customers	\$ 271,511	\$ 110,785	\$ 102,058	\$ 484,354
Cash payments to suppliers for goods & services	(148,905)	(44,553)	(67,660)	(261,118)
Cash payments to employees for services	(34,094)	(23,706)	(19,952)	(77,752)
<u>Net cash provided by operating activities</u>	<u>88,512</u>	<u>42,526</u>	<u>14,446</u>	<u>145,484</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers in (out)	(82,129)	(12,071)	(7,493)	(101,693)
<u>Net cash used by noncapital financing activities</u>	<u>(82,129)</u>	<u>(12,071)</u>	<u>(7,493)</u>	<u>(101,693)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Intergovernmental grants	-	26,000	-	26,000
Acquisition of capital assets	(4,647)	(3,480)	-	(8,127)
Principal paid on revenue bonds and notes	-	(11,297)	(12,454)	(23,751)
Interest paid on revenue bonds and notes	-	(5,205)	(8,308)	(13,513)
<u>Net cash provided (used) by capital and related financing activities</u>	<u>(4,647)</u>	<u>6,018</u>	<u>(20,762)</u>	<u>(19,391)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of investments	(1,013)	-	(541)	(1,554)
Interest on investments	1,014	360	454	1,828
<u>Net cash provided (used) by investing activities</u>	<u>1</u>	<u>360</u>	<u>(87)</u>	<u>274</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	<u>1,737</u>	<u>36,833</u>	<u>(13,896)</u>	<u>24,674</u>
<u>CASH AND CASH EQUIVALENTS, July 1, 2010</u>	<u>50,515</u>	<u>93,383</u>	<u>42,572</u>	<u>186,470</u>
<u>CASH AND CASH EQUIVALENTS, June 30, 2011</u>	<u>52,252</u>	<u>130,216</u>	<u>28,876</u>	<u>211,144</u>

Continued on next page.

TOWN OF GRAND COTEAU, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
<u>RECONCILIATION OF OPERATING INCOME</u>				
<u>(LOSS) TO NET CASH PROVIDED BY</u>				
<u>OPERATING ACTIVITIES:</u>				
Operating income (loss)	<u>\$ 58,896</u>	<u>\$ 8,497</u>	<u>\$ (59,533)</u>	<u>\$ (4,140)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	8,719	40,852	86,016	135,587
(increase) decrease in accounts receivable	7,675	(3,244)	2,717	7,148
(increase) decrease in NSF receivable	-	-	214	214
Increase (decrease) in accounts payable	7,354	(3,476)	(4,968)	(1,090)
Increase (decrease) in compensated absences	6,676	-	-	6,676
Increase (decrease) in deferred revenue	5,289	-	-	5,289
Increase (decrease) in customers' deposits	(4,097)	(103)	-	(4,200)
<u>Total adjustments</u>	<u>31,616</u>	<u>34,029</u>	<u>83,979</u>	<u>149,624</u>
<u>Net cash provided by operating activities</u>	<u>88,512</u>	<u>42,526</u>	<u>14,446</u>	<u>145,484</u>
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE BALANCE SHEET</u>				
Cash and cash equivalents, beginning of period				
Cash - unrestricted	\$ 19,180	\$ 27,421	\$ 29,032	\$ 75,633
Cash - restricted	<u>31,335</u>	<u>65,962</u>	<u>13,540</u>	<u>110,837</u>
Total cash and cash equivalents	<u>50,515</u>	<u>93,383</u>	<u>42,572</u>	<u>186,470</u>
Cash and cash equivalents, end of period				
Cash - unrestricted	\$ 10,210	\$ 33,943	\$ 13,669	\$ 57,822
Cash - restricted	<u>42,042</u>	<u>98,273</u>	<u>15,007</u>	<u>153,322</u>
Total cash and cash equivalents	<u>52,252</u>	<u>130,216</u>	<u>28,676</u>	<u>211,144</u>
Net increase (decrease)	<u>1,737</u>	<u>36,833</u>	<u>(13,896)</u>	<u>24,674</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Grand Coteau, Louisiana have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP (generally accepted accounting principles). The accepted standard-setting body for establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

The following is a summary of certain significant accounting policies and practices of the Town of Grand Coteau:

A. FINANCIAL REPORTING ENTITY

In March 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. '54—Fund Balance Reporting and Government Fund Type Definitions. This Statement establishes fund balance classifications based primarily on the extent to which the Village is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Town of Grand Coteau for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship

The Town of Grand Coteau is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the Town and do not present information on any other governmental unit.

B. BASIS OF PRESNETATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Assets and the Statement of Activities display information on all of the nonfiduciary activities of the Town of Grand Coteau, the primary government, as a whole. They include all funds of the reporting entity. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. BASIS OF PRESNETATION - Continued

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes are presented as general revenues.

FUND FINANCIAL STATEMENTS

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of the category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise funds are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Town reports the following major governmental funds:

Governmental Funds

General Fund. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Special Revenue Fund

Sales Tax Fund. The Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

2010 Sales Tax Fund The 2010 Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

The Town reports the following major proprietary funds:

Enterprise Funds

Gas Fund. The Gas Fund accounts for gas services to residents of the Town of Grand Coteau. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. BASIS OF PRESENTATION - Continued

Water Fund. The Water Fund accounts for water services to residents of the Town of Grand Coteau. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

Sewer Fund. The Sewer Fund accounts for sewer services to the Town of Grand Coteau. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied

MEASUREMENT FOCUS

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included in their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objective of this measurement focus is the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Continued

BASIS OF ACCOUNTING - Continued

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Bad debts are written off when accounts become worthless.

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These transactions are recorded when the transfers occur.

Program Revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Allocation of Indirect Expenses

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function.

CASH AND INVESTMENTS

Louisiana statutes authorize the Town to invest in United States bonds, treasury notes or certificates, time certificates of deposit in state and national banks, or any other federally insured investment.

At year-end, the carrying amount of the Town's cash and investments was \$345,785. The bank balance of cash was \$283,742 and of investments was \$74,426. Investments are stated at cost or amortized cost, which approximates market. Investments consist of time certification of deposits. Cash and certificates of deposits are fully secured through the pledge of bank-owned securities or federal deposit insurance.

INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Continued

CAPITAL ASSETS

The accounting treatment of property plant and equipment (capital assets) depends on whether they are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Prior to GASB No. 34, governments were not required to report general infrastructure assets. The Town of Grand Coteau did not capitalize infrastructure expenditures. During the fiscal year ending June 30, 2004, the Town began to capitalize infrastructure.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated assets, which are recorded at their estimated fair value at the date of donation. The Town of Grand Coteau maintains a threshold level of \$500 or more for capitalizing capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Building and improvements	20 - 40 years
Furniture and equipment	5 - 10 years
Vehicles	5 - 15 years
Water system	20 - 50 years
Sewerage system	20 - 50 years
Meters	10 - 20 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

It is the policy of the Town to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as facilities acquisition and construction expenditures of the governmental fund upon acquisition.

BAD DEBTS

Uncollectible amounts due for ad valorem taxes, miscellaneous liens, and sundry claims are recorded as bad debts through the establishment of an allowance account at the time information available indicated the uncollectibility of the particular receivables.

Allowance for uncollectible accounts receivable in the Enterprise Funds at June 30, 2011 was \$827 .

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING – Continued

BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A public meeting is scheduled by the Town Council after allowing for at least 10 days notice to the public at the time the budget is initially submitted to the Town Council.
2. The budget must be finally adopted by the Council no later than the last day of the preceding fiscal year.
3. The Mayor and Town Council may authorize transfers of budgetary amounts within departments and revisions requiring alteration of levels of expenditures or transfers between departments.
4. Operating appropriations, to the extent not expended or encumbered, lapse at year-end. Capital appropriations continue in force until the project is completed or deemed abandoned.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The budgeted accounts shown in these financial statements include the original and final budget amounts for the year ending June 30, 2011. The budget was properly amended during a public meeting prior to the fiscal year end.

ENCUMBRANCES

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town as an extension of formal budgetary integration in the funds

INVENTORY

The Town practices the policy of recording materials and supplies as expenditures or expenses when acquired. The Town does not record any of these items as inventory because the amount of the items in stock is insignificant.

COMPENSATED ABSENCES

The Town's policy is that employees earn and must use their vacation as of the end of each calendar year. Unused sick leave can be carried forward to the next calendar year. Upon termination, unused sick leave up to 90 days is paid to the employee at the employee's current rate of pay.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the Town considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Continued

RESTRICTED ASSETS

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the utility meter deposits.

LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

REVENUES, EXPENDITURES, AND EXPENSES

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Continued

EQUITY CLASSIFICATIONS

In the government-wide statements, equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - Consist of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance reports aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Proprietary fund equity is classified the same as in the government-wide statements.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories, or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

1. Restricted fund balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions for enabling legislation.
2. Committed fund balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Aldermen - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Aldermen removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
3. Assigned fund balance - This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Aldermen, Mayor and Town Clerk have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
4. Unassigned fund balance - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Continued

EQUITY CLASSIFICATIONS - Continued

When both restricted and unrestricted resources are available for use, it is the Town's policy to use externally restricted resources first, then unrestricted resources - committed, assigned and unassigned - in order as needed.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates

NOTE 2 - RECEIVABLES

Receivables at June 30, 2011 consist of the following:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Taxes receivable	\$10,676	\$ -	\$10,676
Accounts	-	46,330	46,330
Allowance for bad debts	(8,624)	(827)	(9,451)
Accrued interest receivable	-	48	48
Franchise receivable	<u>14,055</u>	<u>-</u>	<u>14,055</u>
<u>Total</u>	<u>16,107</u>	<u>45,551</u>	<u>61,658</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2011 for the Town of Grand Coteau are as follows:

	Balances July 1, 2010	Additions	Disposals	Balances June 30, 2011
Governmental Activities				
Land	\$ 136,875	\$ 6,500	\$ -	\$ 143,375
Building and improvements	212,024	-	-	212,024
Equipment	588,207	10,649	-	598,856
Other structures and improvements	928,116	210,263	-	1,138,379
<u>Totals at historical cost</u>	<u>1,865,222</u>	<u>227,412</u>	<u>-</u>	<u>2,092,634</u>
Less accumulated depreciation				
Building and improvements	(109,689)	(5,559)	-	(115,248)
Equipment	(373,516)	(37,593)	-	(411,109)
Other structures and improvements	(271,606)	(30,141)	-	(301,747)
<u>Total accumulated depreciation</u>	<u>(754,811)</u>	<u>(73,293)</u>	<u>-</u>	<u>(828,104)</u>
Governmental Activities				
Capital assets, net	<u>1,110,411</u>	<u>154,119</u>	<u>-</u>	<u>1,264,530</u>
 Business-type Activities				
Land	\$ 24,000	\$ -	\$ -	\$ 24,000
Gas system and equipment	343,400	4,647	-	348,047
Waterworks system and equipment	1,605,375	3,480	-	1,608,855
Sewer plant and equipment	3,381,790	-	-	3,381,790
<u>Totals at historical cost</u>	<u>5,354,565</u>	<u>8,127</u>	<u>-</u>	<u>5,362,692</u>
Less accumulated depreciation				
Gas system and equipment	(308,842)	(8,719)	-	(317,561)
Waterworks system and equipment	(880,756)	(40,852)	-	(921,608)
Sewer plant and equipment	(1,592,497)	(86,016)	-	(1,678,513)
<u>Total accumulated depreciation</u>	<u>(2,782,095)</u>	<u>(135,587)</u>	<u>-</u>	<u>(2,917,682)</u>
Business-type Activities				
Capital assets, net	<u>2,572,470</u>	<u>(127,460)</u>	<u>-</u>	<u>2,445,010</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 - CAPITAL ASSETS - CONTINUED

Depreciation expense was charged to governmental activities as follows:

General government	\$ 14,479
Public safety - police	20,924
Public safety - fire	6,621
Public works - streets	28,538
Park	<u>2,731</u>
<u>Total</u>	<u>73,293</u>

NOTE 4 - ACCOUNTS AND OTHER PAYABLES

The accounts and other payable consisted of the following at June 30, 2011:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts payable	\$ 30,275	\$ 11,953	\$ 42,228
Compensated absences	-	6,676	6,676
Deferred revenue	<u>-</u>	<u>5,289</u>	<u>5,289</u>
	<u>30,275</u>	<u>23,918</u>	<u>54,193</u>

NOTE 5 - RETIREMENT

The employees of the Town are covered by social security only. The Town does not contribute to any other retirement plan for its employees.

NOTE 6 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of the Statement of Cash Flows consist of the following:

Unrestricted assets	
Cash	\$ 57,822
Restricted assets	
Cash	<u>153,322</u>
	<u>211,144</u>

NOTE 7 - ACCOUNTS RECEIVABLE - ENTERPRISE FUND

The accounts receivable consists of gas, water and sewer billings uncollected as of June 30, 2011. The detail of the accounts receivable as of June 30, 2011 is as follows:

Total accounts receivable	\$ 46,330
Less: allowance for uncollectible accounts	<u>(827)</u>
<u>Net accounts receivable</u>	<u>45,503</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 8 - AD VALOREM TAXES

For the year ended June 30, 2011, the Town of Grand Coteau levied a general tax of 5.36 mills on property with assessed valuation totaling \$4,288,510. Total tax levied was \$22,986. Taxes receivable at June 30, 2011 totaled \$2,021.

The Town's ad valorem tax, levied for the calendar year, is due on or before December 31, and becomes delinquent on January 1.

NOTE 9 - RESERVES OF NET ASSETS

The Town records reserves to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all reserves of the Town:

	Balance at June 30, 2011
Enterprise Funds	
Reserved for customers' deposits	\$ 68,443
Reserved for bond retirement	98,459
	<u>166,902</u>

NOTE 10 - DEDICATION OF SALES TAX PROCEEDS

The Town of Grand Coteau has two one percent sales tax funds.

Proceeds of the one percent sales and use tax are dedicated to the following purposes.

Constructing and purchasing fire department stations and equipment, constructing and purchasing police department stations and equipment; opening, constructing, paving, resurfacing and improving streets, sidewalks, and bridges, constructing and improving drains, drainage canals and subsurface drainage; constructing, acquiring or improving any work of public permanent improvements, and purchasing and acquiring all equipment and furnishings for the public works, buildings, improvements and facilities of the Town of Grand Coteau, title to which shall be in the public.

The 2010 one percent sales tax is dedicated to support the General Fund of the Town. Sales tax monies are transferred to the General Fund and Utility Fund as operating transfers for these dedicated costs.

NOTE 11 - PROPRIETARY FUNDS - RESTRICTED ASSETS

Certain assets of the Enterprise Funds have been restricted for debt service and customers' deposits. These assets consist of cash and short-term investments restricted for the following:

Customers' deposits	\$ 115,708
Bond retirement - Reserve	58,167
Bond retirement - Sinking Fund	26,211
Bond retirement - Depreciation and Contingency	<u>26,421</u>
	<u>226,507</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 12 - GOVERNMENTAL ACTIVITIES - LONG-TERM DEBT

The Town of Grand Coteau entered into a noncancellable capital lease with Ford Motor Credit Company for a 2008 Ford Crown Victoria on December 22, 2008. The first annual payment was due on December 22, 2008, with the final payment due on December 22, 2011. The agreement requires annual payments of \$5,971 for 4 years which are recorded in the General Fund

A summary of changes in long-term debt from is as follows

	Balances July 1, 2010	Additions	Payments	Balances June 30, 2011	Due Within One Year
Compensated absences	\$11,168	\$26,406	\$ -	\$ 37,574	\$ -
Ford Motor Credit Company Lease	9,231	-	5,971	3,260	3,260
	<u>20,399</u>	<u>26,406</u>	<u>5,971</u>	<u>40,834</u>	<u>3,260</u>

NOTE 13 - PROPRIETARY FUND - LONG-TERM DEBT

The following is a summary of changes in Proprietary Fund debt for the year ended June 30, 2011

Description of Debt	Balances July 1, 2010	Issued	Retired	Balances June 30, 2011	Due Within One Year
\$338,666 of Utilities Revenue Refunding Bonds dated April 1, 1989	\$ 12,521	\$ -	\$12,521	\$ -	\$ -
\$225,000 of Sewer Revenue Bonds dated February 17, 1995	182,634	-	4,230	178,404	4,425
\$125,000 of Water Tower Project Bonds dated July 1, 1998	<u>68,000</u>	<u>-</u>	<u>7,000</u>	<u>61,000</u>	<u>7,000</u>
	<u>263,155</u>	<u>-</u>	<u>23,751</u>	<u>239,404</u>	<u>11,425</u>

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13 - PROPRIETARY FUND – LONG-TERM DEBT - Continued

The annual requirements to retire debt as of June 30, 2011, are as follows

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 11,425	\$ 11,596	\$ 23,021
2013	12,662	10,971	23,633
2014	12,876	10,277	23,153
2015	14,100	9,573	23,673
2016	14,335	8,798	23,133
2017-2021	50,583	33,182	83,765
2022-2026	38,283	23,682	61,965
2027-2031	47,923	14,043	61,966
2032-2035	37,217	2,829	40,046
	<u>239,404</u>	<u>124,951</u>	<u>364,355</u>

NOTE 14 - SEWER REVENUE BOND – FEBRUARY 17, 1995

A bond of \$225,000 was issued on February 17, 1995 for improvements of the Town's sewer system. The bond has a stated interest of 4½ percent and is payable over a forty year period. Commencing March 17, 1998 and on the 17th day of each month thereafter through February 17, 2035, monthly payments of \$1,033 will be due which will consist of fully amortized payments of principal and interest. Each payment shall be applied, first, to the payment of accrued interest; and second, to the payment of principal.

- a. Actual monthly payments into the Sinking Fund during the interest only period depend on the schedule of advances of principal made to the Town during construction. However, monthly debt service payments into the Sinking Fund will not exceed \$1,033.
- b. The Town will have to make monthly payments of \$52 into a Reserve Fund. The payments into the Reserve Fund will continue until an amount equal to one year's debt service on the bond is accumulated therein.
- c. The Town will have to make monthly payments of \$52 into a Contingency Fund. The payments into the Contingency Fund will be made over the life of the bond.

NOTE 15 - WATER TOWER PROJECT BOND – JULY 1, 1998 – RESTRICTION ON USE

- a. Actual monthly payments into the Sinking Fund are required to be \$870.
- b. Each month, there will be an amount set aside into the Reserve Fund at least equal to ten percent of the amount to be paid into the Sinking Fund until the amount in the Reserve Fund equals the Reserve Fund requirement of \$11,280.
- c. Each month, there will be an amount set aside into the Contingency Fund equal to five percent of the revenues for the preceding month provided that such sum is available. Such payments shall continue until such time as there has been accumulated in the Contingency Fund the sum of \$12,500.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 16 - SEWER CHARGES

The Town's sewer rate schedule is as follows.

	<u>Monthly Charge</u>
Base rate - 4,000 gallons	\$ 10
Each additional 1,000 gallons	2

NOTE 17 - INTERFUND RECEIVABLES/PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds		
Governmental Funds	\$ 34,982	\$ 4,774
General Fund	-	138,568
Proprietary Funds		
Gas Fund	71,013	-
Water Fund	16,321	14,494
Sewer Fund	8,403	5,454
Agency Fund	88,620	56,049
	<u>219,339</u>	<u>219,339</u>

NOTE 18 - RISK MANAGEMENT

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance for the year.

TOWN OF GRAND COTEAU, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 19 – FUND BALANCE CONSTRAINTS

The constraints on fund balance as listed in aggregate in the Statement of Revenues, Expenditures, and Changes in Fund Balances are detailed according to balance classification and fund

	General Fund	Special Revenue Funds	Total
Fund Balances			
Nonspendable	\$ -	\$ -	\$ -
Restricted	-	-	-
Committed	-	-	-
Assigned			
Debt Service	-	-	-
Other Purposes	-	54,552	54,552
Total - Assigned	<u>-</u>	<u>54,552</u>	<u>54,552</u>
Unassigned	<u>(104,513)</u>	<u>-</u>	<u>(104,513)</u>
Total fund balances (Deficit)	<u>(104,513)</u>	<u>54,552</u>	<u>(49,961)</u>

NOTE 20 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Town does not provide any post-employment benefits to retirees and therefore is not required to report under GASB Statement No 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions

NOTE 21 – SUBSEQUENT EVENTS

Subsequent events were evaluated through December 29, 2011, which is the date the financial statements were available to be issued. As of December 29, 2011, there were not subsequent events noted.

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>POSITIVE</u> <u>(NEGATIVE)</u>
<u>REVENUES</u>				
Taxes	\$ 79,550	\$ 71,700	\$ 94,245	\$ 22,545
Licenses and permits	35,600	33,100	37,247	4,147
Intergovernmental	378,788	369,303	405,476	36,173
Fines and forfeits	175,000	148,000	150,662	2,662
Miscellaneous	24,150	25,700	29,708	4,008
<u>Total revenues</u>	<u>693,088</u>	<u>647,803</u>	<u>717,338</u>	<u>69,535</u>
<u>EXPENDITURES</u>				
Current operating				
Executive and administrative	207,001	208,400	221,088	(12,688)
Street department	135,260	152,720	135,715	17,005
Police department	376,079	378,840	414,489	(35,649)
Fire department	23,250	22,100	23,859	(1,759)
Park department	13,001	13,000	-	13,000
Capital Outlay	203,405	199,439	227,412	(27,973)
Debt service	-	6,078	5,971	107
<u>Total expenditures</u>	<u>957,996</u>	<u>980,577</u>	<u>1,028,534</u>	<u>(47,957)</u>
<u>DEFICIENCY OF REVENUES</u>				
<u>UNDER EXPENDITURES</u>	<u>(264,908)</u>	<u>(332,774)</u>	<u>(311,196)</u>	<u>21,578</u>
<u>OTHER FINANCING SOURCES</u>				
Donation of fixed assets	-	-	8,860	8,860
Transfers in	260,000	266,000	280,410	14,410
<u>Total other financing sources</u>	<u>260,000</u>	<u>266,000</u>	<u>289,270</u>	<u>23,270</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(4,908)</u>	<u>(66,774)</u>	<u>(21,926)</u>	<u>44,848</u>
<u>FUND BALANCE</u> (Deficit), beginning of year			<u>(82,587)</u>	
<u>FUND BALANCE</u> (Deficit), end of year			<u>(104,513)</u>	

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGET			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
<u>REVENUES</u>				
Taxes				
Sales tax collections	\$ 85,000	\$ 87,000	\$ 90,458	\$ 3,458
Miscellaneous	-	-	307	307
<u>Total revenues</u>	<u>85,000</u>	<u>87,000</u>	<u>90,765</u>	<u>3,765</u>
<u>EXPENDITURES</u>				
Current operating				
Executive and administrative	6,350	7,850	6,898	952
<u>Total expenditures</u>	<u>6,350</u>	<u>7,850</u>	<u>6,898</u>	<u>952</u>
<u>EXCESS OF REVENUES OVER</u>				
<u>EXPENDITURES</u>	<u>78,650</u>	<u>79,150</u>	<u>83,867</u>	<u>4,717</u>
<u>OTHER FINANCING USES</u>				
Transfers out	(75,000)	(95,000)	(65,956)	29,044
<u>Total other financing uses</u>	<u>(75,000)</u>	<u>(95,000)</u>	<u>(65,956)</u>	<u>29,044</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>3,650</u>	<u>(15,850)</u>	<u>17,911</u>	<u>33,761</u>
<u>FUND BALANCE, beginning of year</u>			<u>16,907</u>	
<u>FUND BALANCE, end of year</u>			<u>34,818</u>	

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
2010 SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2011

	BUDGET			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
<u>REVENUES</u>				
Taxes				
Sales tax collections	\$ 85,000	\$ 87,000	\$ 84,737	\$ (2,263)
Miscellaneous	-	-	-	-
<u>Total revenues</u>	<u>85,000</u>	<u>87,000</u>	<u>84,737</u>	<u>(2,263)</u>
<u>EXPENDITURES</u>				
Current operating				
Executive and administrative	3,350	7,850	839	7,011
<u>Total expenditures</u>	<u>3,350</u>	<u>7,850</u>	<u>839</u>	<u>7,011</u>
<u>EXCESS OF REVENUES OVER</u>				
<u>EXPENDITURES</u>	<u>81,650</u>	<u>79,150</u>	<u>83,898</u>	<u>4,748</u>
<u>OTHER FINANCING USES</u>				
Transfers out	(80,000)	(100,000)	(91,199)	8,801
<u>Total other financing uses</u>	<u>(80,000)</u>	<u>(100,000)</u>	<u>(91,199)</u>	<u>8,801</u>
<u>NET CHANGE IN FUND BALANCE</u>				
	<u>1,650</u>	<u>(20,850)</u>	<u>(7,301)</u>	<u>13,549</u>
<u>FUND BALANCE, beginning of year</u>			<u>27,035</u>	
<u>FUND BALANCE, end of year</u>			<u>19,734</u>	

OTHER SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund. The General Fund has a greater number and variety of revenue sources than any other fund, and its resources normally finance a wider range of activities. The resources of the General Fund are ordinarily largely expended and replenished on an annual basis.

TOWN OF GRAND COTEAU, LOUISIANA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2011

ASSETS

Cash	\$ 28,029
Receivables, net of allowance for uncollectibles	
Ad valorem taxes	2,021
Franchise	14,055
Intergovernmental	26,056
Other	-
Due from other funds	96,661
<u>Total assets</u>	<u>166,822</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Bank overdraft	\$ 46,275
Accounts payable	30,275
Accrued liabilities	-
Due to other funds	194,785
<u>Total liabilities</u>	<u>271,335</u>

FUND BALANCE

Unassigned	(104,513)
<u>Total fund balance (Deficit)</u>	<u>(104,513)</u>
<u>Total liabilities and fund balance</u>	<u>166,822</u>

TOWN OF GRAND COTEAU, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
<u>REVENUES</u>			
Taxes	\$ 71,700	\$ 94,245	\$ 22,545
Licenses and permits	33,100	37,247	4,147
Intergovernmental	369,303	405,476	36,173
Fines and forfeits	148,000	150,662	2,662
Miscellaneous	25,700	29,708	4,008
<u>Total revenues</u>	<u>647,803</u>	<u>717,338</u>	<u>69,535</u>
<u>EXPENDITURES</u>			
Current operating			
Executive and administrative	209,181	228,369	(19,188)
Street department	347,720	345,978	1,742
Police department	378,840	418,339	(39,499)
Fire department	25,758	29,877	(4,119)
Park department	13,000	-	13,000
Debt service	6,078	5,971	107
<u>Total expenditures</u>	<u>980,577</u>	<u>1,028,534</u>	<u>(47,957)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>			
<u>OVER (UNDER) EXPENDITURES</u>	<u>(332,774)</u>	<u>(311,196)</u>	<u>21,578</u>
<u>OTHER FINANCING SOURCES</u>			
Donation of fixed assets	-	8,860	8,860
Transfers in	266,000	280,410	14,410
<u>Total other financing sources</u>	<u>266,000</u>	<u>289,270</u>	<u>23,270</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(66,774)</u>	<u>(21,926)</u>	<u>44,848</u>
<u>FUND BALANCE</u> (Deficit), beginning of year		<u>(82,587)</u>	
<u>FUND BALANCE</u> (Deficit), end of year		<u>(104,513)</u>	

TOWN OF GRAND COTEAU, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF REVENUES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>TAXES</u>			
Property taxes	\$ 25,000	\$ 30,370	\$ 5,370
Franchise - Electric	45,000	61,361	16,361
Franchise - Cable television	600	1,699	1,099
Franchise- Telephone	1,100	815	(285)
<u>Total taxes</u>	<u>71,700</u>	<u>94,245</u>	<u>22,545</u>
<u>LICENSES AND PERMITS</u>			
Licenses and permits	33,100	37,247	4,147
<u>Total licenses and permits</u>	<u>33,100</u>	<u>37,247</u>	<u>4,147</u>
<u>INTERGOVERNMENTAL</u>			
State beer tax	2,000	2,300	300
Fire insurance rebate	4,958	4,958	-
Video poker fees / Racino income	175,000	210,190	35,190
Solid waste	4,600	13,749	9,149
DOTD	3,330	3,330	-
Federal/state grants	179,415	170,949	(8,466)
<u>Total intergovernmental</u>	<u>369,303</u>	<u>405,476</u>	<u>36,173</u>
<u>FINES</u>			
Court fines	14,800	15,027	227
Step tickets	133,200	135,635	2,435
<u>Total fines</u>	<u>148,000</u>	<u>150,662</u>	<u>2,662</u>
<u>MISCELLANEOUS</u>			
Interest income	200	136	(64)
Miscellaneous income	25,500	29,572	4,072
	<u>25,700</u>	<u>29,708</u>	<u>4,008</u>
Total Revenues	<u>647,803</u>	<u>717,338</u>	<u>69,535</u>

Continued on next page

TOWN OF GRAND COTEAU, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
<u>EXECUTIVE AND ADMINISTRATIVE</u>			
<u>Personal services</u>			
Salaries - Clerical	\$ 65,000	\$ 60,762	\$ 4,238
Salaries - Mayor and Council	36,000	32,850	3,150
Payroll taxes	5,200	6,529	(1,329)
			-
<u>Supplies</u>			
Supplies and postage	22,000	24,164	(2,164)
			-
<u>Other</u>			
Conventions and conferences	3,000	8,050	(5,050)
Advertising	2,000	2,227	(227)
Dues and subscriptions	2,000	1,934	66
Engineering fees	3,000	2,053	947
Equipment rental	1,000	1,454	(454)
Insurance	35,000	30,356	4,644
Legal and professional	10,000	11,579	(1,579)
Miscellaneous	4,000	16,570	(12,570)
Pest control	500	451	49
Repairs and maintenance	5,000	3,167	1,833
Telephone	4,200	4,477	(277)
Utilities	9,000	11,356	(2,356)
Uniforms	1,500	978	522
Park	-	631	(631)
Bank charges	-	1,130	(1,130)
Town beautification	-	263	(263)
Penalties	-	107	(107)
Physical accessibility improvements	-	-	-
Capital outlay	781	7,281	(6,500)
<u>Total executive and administrative</u>	<u>209,181</u>	<u>228,369</u>	<u>(19,188)</u>
<u>STREET DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	44,000	42,705	1,295
Payroll taxes	3,520	4,731	(1,211)

Continued on next page.

TOWN OF GRAND COTEAU, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>STREET DEPARTMENT</u>			
<u>Supplies</u>			
Materials and Supplies	\$ 24,000	\$ 11,730	\$ 12,270
<u>Other</u>			
Auto and truck expense	10,000	29,127	(19,127)
Repairs and maintenance	24,000	5,807	18,193
Insurance	20,000	17,346	2,654
Utilities	12,200	10,095	2,105
Tractor expense	7,000	6,574	426
Uniforms	-	163	(163)
Miscellaneous	1,000	-	1,000
Equipment rental	2,000	1,643	357
Dumpster	5,000	5,794	(794)
Capital outlay	195,000	210,263	(15,263)
<u>Total street department</u>	<u>347,720</u>	<u>345,978</u>	<u>1,742</u>
<u>POLICE DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	270,500	272,640	(2,140)
Payroll taxes	21,640	47,224	(25,584)
			-
<u>Supplies</u>			
Materials and supplies	7,000	6,970	30
Uniforms	2,000	1,968	32
			-
<u>Other</u>			
Insurance	43,000	37,293	5,707
Auto operating expense	18,500	26,111	(7,611)
Telephone	8,000	8,493	(493)
Repairs	1,200	1,443	(243)
Miscellaneous	6,500	12,155	(5,655)
Education	-	-	-
Prisoner meals	500	192	308
Capital outlay	-	3,850	(3,850)
<u>Total police department</u>	<u>378,840</u>	<u>418,339</u>	<u>(39,499)</u>

Continued on next page.

TOWN OF GRAND COTEAU, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>FIRE DEPARTMENT</u>			
<u>Supplies</u>			
Materials and supplies	\$ 8,500	\$ 7,176	\$ (676)
<u>Other</u>			
Telephone	4,200	5,063	(863)
Utilities	1,500	3,783	(2,283)
Contract labor	1,800	-	1,800
Insurance	4,500	3,989	511
Miscellaneous	800	644	156
Repairs and maintenance	2,000	1,953	47
Seminars	-	153	(153)
Truck expense	800	1,098	(298)
Capital outlay	3,658	6,018	(2,360)
<u>Total fire department</u>	<u>25,758</u>	<u>29,877</u>	<u>(4,119)</u>
<u>PARK DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	9,260	-	9,260
Payroll taxes	740	-	740
<u>Other</u>			
Miscellaneous	500	-	500
Supplies	1,000	-	1,000
Repairs and maintenance	1,500	-	1,500
Capital outlay	-	-	-
<u>Total park department</u>	<u>13,000</u>	<u>-</u>	<u>13,000</u>
<u>DEBT SERVICE</u>			
Payments on capital lease	6,078	5,971	107
Payments on bonds	-	-	-
<u>Total debt service</u>	<u>6,078</u>	<u>5,971</u>	<u>107</u>
<u>Total expenditures</u>	<u>980,577</u>	<u>1,028,534</u>	<u>(47,957)</u>

SPECIAL REVENUE FUNDS

The Special Revenue Fund is used to account for resources legally restricted to expenditures for specified current operating purposes or the acquisition of furniture, fixtures, machinery, equipment, or other relatively minor or comparatively short-lived assets.

The Sales Tax Fund is used to account for the collection and expenditure of the Town's one percent sales tax.

The 2010 Sales Tax Fund is used to account for the collection and expenditure of an additional one percent sales tax to supplement the general fund

TOWN OF GRAND COTEAU, LOUISIANA
SPECIAL REVENUE FUND
SALES TAX FUND
BALANCE SHEET
JUNE 30, 2011

ASSETS

Cash	\$ 25,058
Accounts receivable	31
Due from other funds	<u>14,335</u>
<u>Total assets</u>	<u>39,424</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds	\$ 4,606
<u>Total liabilities</u>	<u>4,606</u>

FUND BALANCE

Assigned	<u>34,818</u>
<u>Total fund balance</u>	<u>34,818</u>
<u>Total liabilities and fund balance</u>	<u>39,424</u>

TOWN OF GRAND COTEAU, LOUISIANA
SALES TAX FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Taxes			
Sales tax collections	\$ 87,000	\$ 90,458	\$ 3,458
Miscellaneous income	-	307	307
Interest income	-	-	-
<u>Total revenues</u>	<u>87,000</u>	<u>90,765</u>	<u>3,765</u>
<u>EXPENDITURES</u>			
Current operating			
General and administrative	7,850	6,898	952
<u>Total expenditures</u>	<u>7,850</u>	<u>6,898</u>	<u>952</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>79,150</u>	<u>83,867</u>	<u>4,717</u>
<u>OTHER FINANCING USES</u>			
Transfers out	(95,000)	(65,956)	29,044
<u>Total other financing uses</u>	<u>(95,000)</u>	<u>(65,956)</u>	<u>29,044</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(15,850)</u>	17,911	<u>33,761</u>
<u>FUND BALANCE, beginning of year</u>		<u>16,907</u>	
<u>FUND BALANCE, end of year</u>		<u>34,818</u>	

TOWN OF GRAND COTEAU, LOUISIANA
SPECIAL REVENUE FUND
2010 SALES TAX FUND
BALANCE SHEET
JUNE 30, 2011

ASSETS

Cash	\$ 7,128
Due from other funds	<u>12,606</u>
<u>Total assets</u>	<u>19,734</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

<u>Total liabilities</u>	<u>-</u>
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FUND BALANCE

Assigned	\$ 19,734
<u>Total fund balance</u>	<u>19,734</u>

<u>Total liabilities and fund balance</u>	<u>19,734</u>
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TOWN OF GRAND COTEAU, LOUISIANA
2010 SALES TAX FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Taxes			
Sales tax collections	\$ 87,000	\$ 84,737	\$ (2,263)
Miscellaneous income	-	-	-
Interest income	-	-	-
<u>Total revenues</u>	<u>87,000</u>	<u>84,737</u>	<u>(2,263)</u>
<u>EXPENDITURES</u>			
General and administrative	7,850	839	7,011
<u>Total expenditures</u>	<u>7,850</u>	<u>839</u>	<u>7,011</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>79,150</u>	<u>83,698</u>	<u>4,748</u>
<u>OTHER FINANCING USES</u>			
Transfers out	(100,000)	(91,199)	8,801
<u>Total other financing uses</u>	<u>(100,000)</u>	<u>(91,199)</u>	<u>8,801</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(20,850)</u>	<u>(7,301)</u>	<u>13,549</u>
<u>FUND BALANCE, beginning of year</u>		<u>27,035</u>	
<u>FUND BALANCE, end of year</u>		<u>19,734</u>	

COMPLIANCE AND INTERNAL CONTROL

Chazal S. Fontenot, CPA
 James L. Nicholson, Jr., CPA
 G. Kenneth Pavy, II, CPA
 Michael A. Roy, CPA
 Lisa Troutle Manuel, CPA
 Dana D. Quebedeaux, CPA



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 1904-1984
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Retired

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 1996
 Dwight Ledoux, CPA
 1998
 Joel Lanclos, Jr. CPA
 2003
 Russell J. Stelly, CPA
 2005

**REPORT ON INTERNAL CONTROL OVER
 FINANCIAL REPORTING AND ON COMPLIANCE
 AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
 STATEMENTS PERFORMED IN ACCORDANCE WITH
 GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor
 and Members of the Board of Alderman
 Town of Grand Coteau, Louisiana

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Coteau as of and for the year ended June 30, 2011, which collectively comprise the Town of Grand Coteau's basic financial statements and have issued our report thereon dated December 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Grand Coteau's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Grand Coteau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Grand Coteau's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items 2011-1 and 2011-2 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Honorable Gail Lark, Mayor
and Members of the Board of Alderman
Page 2

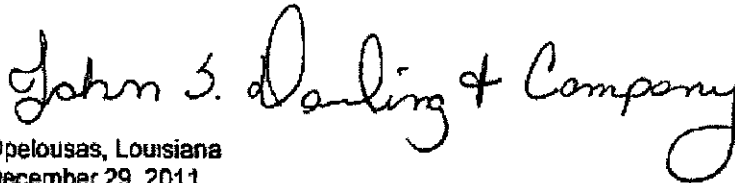
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Grand Coteau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Town of Grand Coteau in a separate letter dated December 29, 2011.

The Town of Grand Coteau's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Grand Coteau's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Opelousas, Louisiana
December 29, 2011

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2011

I SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Town of Grand Coteau as of and for the year ended June 30, 2011
2. Two significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Town of Grand Coteau, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit

II FINDINGS – FINANCIAL STATEMENT AUDIT

Internal Control Material to the Financial Statements

2011-1 Lack of Segregation of Duties

Condition An Adequate segregation of duties does not exist in the area of accounting at Town Hall. Often the Town Clerk may collect payments on accounts, make deposits, and post the same deposit into the general ledger. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Town may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition, errors or fraud could occur and be undetected

Criteria A reporting entity should have adequate segregation of duties over accounting functions

Cause One employee may at times perform several accounting functions.

Effect There is inadequate segregation of duties over accounting functions

Recommendation: There can be only a proper segregation of duties when both the Town Clerk and Assistant Clerk are performing their respective duties. However, if this is not the case, every attempt should be made to keep the general ledgers current which will allow the Mayor and Council to keep abreast of the Town's financial condition

Response: The Town will consider on how it can possibly strengthen its segregation of duties with present employees by shifting some responsibilities but believes that the cost to hire additional accounting personnel is not cost beneficial based upon the size of the Town's operations

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2011

2011-2 Fund Deficit in General Fund

Condition: The Town's General Fund has a deficit fund balance at year-end.

Critera: The General Fund should have a positive fund balance

Cause: Due to other funds has remained unforgiven thereby creating a deficit fund balance

Effect: The Town has a deficit fund balance in the General Fund which creates instability for the Town.

Recommendation: We recommend that the amount in the Due to Other Funds account be forgiven and future payments made on the General Funds behalf should be recorded as transfers.

Response: The Town will transfer money from other funds into the General Fund to eliminate the Due to Other Funds account in the form of an appropriation. Future payments made on the General Funds behalf will be recorded as a transfer

II FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Not Applicable

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2011

SECTION I -- Internal Control and Compliance Material to the Financial Statements

2010-1 Bond Payments

Corrective Action Taken

2010-2 Lack of Segregation of Duties

Repeat Comment

2010-3 Fund Deficit in General Fund

Repeat Comment.

2010-4 Budgeting

Corrective Action Taken.

SECTION II -- Internal Control and Compliance Material to Federal Awards

N/A

SECTION III -- Management Letter

ML-1 Insufficient Utility System Profits

Corrective Action Taken

OTHER SUPPLEMENTARY SCHEDULES

TOWN OF GRAND COTEAU, LOUISIANA
ENTERPRISE FUNDS
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

GAS FUND

Personal services

Salaries	\$ 37,750
Payroll taxes	3,020

Contractual services

Gas purchases	92,230
Survey expense	4,185

Supplies

Office supplies and postage	21,719
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Other

Legal and professional	6,871
Insurance	6,938
Repairs and maintenance	8,279
Seminar expense	500
Utilities	4,969
Telephone	1,960
Miscellaneous	4,098
Truck	682
Dottie	450
Compensated absences	6,676
Bad debt	(3,299)

Depreciation

8,720

Total gas fund expenses

205,748

WATER FUND

Personal services

Salaries	\$ 23,706
Payroll taxes	-

Supplies

Materials and supplies	7,811
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Continued on next page.

TOWN OF GRAND COTEAU, LOUISIANA
ENTERPRISE FUNDS
SCHEDULE OF OPERATING EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

WATER FUND - continued

Other

Legal and professional	\$ 4,129
Insurance	8,848
Utilities	6,484
Repairs and maintenance	11,804
Telephone	50
Miscellaneous	747
Seminar expense	245
Safe water drinking fee	2,470
Bad debts	(1,509)

<u>Depreciation</u>	<u>40,852</u>
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<u>Total water fund expenses</u>	<u>105,635</u>
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SEWER FUND

Personal services

Salaries	\$ 18,523
Payroll taxes	1,429

Contractual services

Analysis expense	4,630
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Supplies

Materials and supplies	7,628
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Other

Legal and professional	5,669
Insurance	7,806
Utilities	16,601
Repairs and maintenance	22,549
Miscellaneous	(571)
Bad debt expense	(1,620)

<u>Depreciation</u>	<u>86,016</u>
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<u>Total sewer fund expenses</u>	<u>168,860</u>
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TOWN OF GRAND COTEAU, LOUISIANA
COMBINED SCHEDULE OF BONDS PAYABLE
JUNE 30, 2011

REVENUE BONDS	INTEREST		ISSUE DATE	FINAL MATURITY DATE	ANNUAL SERIAL PAYMENTS	BONDS			
	RATES	PAYMENT DATE				AUTHORIZED	ISSUED	RETIRED	OUTSTANDING
Sewerage utility	7 20%	10/3 4/4	10/1/1998	4/1/2011	Varies	\$ 208,829	\$ 208,829	\$ 208,829	\$ -
Water utility	7 20%	10/3 4/4	10/1/1998	4/1/2011	Varies	108,049	108,049	108,049	-
Sewerage utility	4 50%	17th of each month	2/17/1995	10/17/2036	Varies	225,000	225,000	46,596	178,404
Water utility	6 00%	10/3 4/4	7/1/1998	4/1/2018	Varies	<u>125,000</u>	<u>125,000</u>	<u>64,000</u>	<u>61,000</u>
<u>Total revenue bonds</u>						<u>664,878</u>	<u>664,878</u>	<u>425,474</u>	<u>239,404</u>

TOWN OF GRAND COTEAU, LOUISIANA
COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS
JUNE 30, 2011

	<u>INTEREST RATES</u>	<u>MATURITY</u>	<u>TOTAL BOOK VALUE</u>
<u>ENTERPRISE FUNDS</u>			
Certificate of Deposit			
Bank of Sunset and Trust Co	1 10%	9/19/2011	\$ 42,976
Certificate of Deposit			
Bank of Sunset and Trust Co	1.00%	12/7/2011	30,209
Certificate of Deposit			
Bank of Sunset and Trust Co	1.10%	9/19/2011	<u>1,241</u>
<u>Total</u>			<u><u>74,426</u></u>

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 2011
(UNAUDITED)

INSURER	TYPE OF COVERAGE	LIMITS OF COVERAGE	EFFECTIVE DATES	
			FROM	TO
Louisiana Municipal Risk Management Agency	Workmen's Compensation	Statutory	Monthly	Monthly
Western Surety Bond	Position Bond	\$246,000	9/15/2010	9/15/2011
	Blanket Bond	\$5,000	10/1/2010	10/1/2011
Southern Insurance Company	Fire, extended coverage & vandalism	\$2,351,653 \$2,500 deductible	1/14/2011	1/14/2012
Southern Insurance Company	Property damage	\$132,712 \$2,500 deductible	3/17/2011	3/17/2012
Risk Management	Personal injury	\$500,000	5/1/2011	5/1/2012
	Property damage	\$1,000 each claimant		
	Errors and omissions			

TOWN OF GRAND COTEAU, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO MAYOR AND COUNCIL
FOR THE YEAR ENDED JUNE 30, 2011

COMPENSATION PAID TO MAYOR AND COUNCIL

The compensation of the Town of Grand Coteau's governing body is included in the general administrative expenditures of the General Fund. The Mayor is paid \$1,200 per month and the board members are paid \$150 per month. Board members are also paid \$75 for any special meetings attended.

	<u>COMPENSATION</u>
Henry Pierre, Mayor	\$ 7,200
Gail Lark, Former Mayor	7,200
Wilton Guidry	1,950
Pamela Bamere	1,950
John Slaughter	1,950
Shaterral Johnson	3,750
John Lewis, Sr	1,950
Jessica Marcel	1,650
Danielle Belso	1,650
Patrick Richard	1,800
Robert Landry	1,800
	<u>32,850</u>

Town of Grand Coteau

OFFICIALS

HENRY PIERRE, Mayor
DENISE J. MOORE, LMMC
BRENDA DUGAS, CMC
DAVID NEVILLS, Town Supervisor
WILTON GUIDRY, Police Chief

PO Drawer G
Grand Coteau, Louisiana 70541
(337) 662-5246 • Fax (337) 662-5701
townofgrandcoteau@centurytel.net

ALDERMEN

DANIELLE BELSON
ROBERT LANDRY
SHATERRAL JOHNSON
JESSICA MARCEL
PATRICK RICHARD

CORRECTIVE ACTION PLAN

Louisiana Legislative Auditor

The Town of Grand Coteau respectfully submits the following corrective action plan for the year ended June 30, 2011.

Name and address of independent public accounting firm. John S. Dowling & Company, P.O. Box 1549, Opelousas, LA 70571-1549

Audit period. Year ended June 30, 2011

The findings from the 2011 audit report are discussed below. The findings are numbered consistently with the numbers assigned in the report.

FINDINGS- FINANCIAL STATEMENT AUDIT

2011-1 Lack of Segregation of Duties

Corrective Action Planned: The Town will consider on how it can possibly strengthen its segregation of duties with present employees by shifting some responsibilities but believes that the cost to hire additional accounting personnel is not cost beneficial based upon the size of the Town's operations.

Contact Person Responsible for Corrective Action: Denise Moore, Clerk

Anticipated Completion Date: N/A

2011-2. Fund Deficit in General Fund

Corrective Action Planned. The Town will transfer money from other funds into the General Fund to eliminate the Due to Other Funds account in the form of an appropriation. Future payments made on the General Funds behalf will be recorded as a transfer.

Contact Person Responsible for Corrective Action: Denise Moore, Clerk

Anticipated Completion Date: January 15, 2012



FINDINGS- FEDERAL AWARD PROGRAMS AUDIT

N/A

FINDINGS - MANAGEMENT LETTER


2011-3. Reimbursement of Employee's Social Security and Medicare

Corrective Action Planned: The Town will have the payroll accounting system changed before the next payroll to properly reflect the changes in the new law

Contact Person Responsible for Corrective Action: Denise Moore, Clerk

Anticipated Completion Date: January 1, 2012

Sincerely yours,



Henry Pierre, Mayor
Town of Grand Coteau

Chazal S. Fontenot, CPA
James L. Nicholson, Jr., CPA
G. Kenneth Pavy, II, CPA
Michael A. Roy, CPA
Lisa Trouille Manuel, CPA
Dana D. Quebedeaux, CPA



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1936-2005

Retired

Harold Dupre, CPA
1996
Dwight Ledoux, CPA
1998
Joel Landos, Jr., CPA
2003
Russell J. Stelly, CPA
2005

December 29, 2011

The Honorable Henry Pierre, Mayor
and Members of the Board of Aldermen and Alderwomen
Town of Grand Coteau
Grand Coteau, Louisiana

We have audited the financial statements of the Town of Grand Coteau, Louisiana, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 29, 2011. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

As part of our examination, we have issued our report on the financial statements, dated December 29, 2011, and our report on internal control and compliance with laws, regulations, contracts, and grants dated December 29, 2011. This letter does not affect our report dated December 29, 2011 on the financial statements of the Town of Grand Coteau.

During our audit, we became aware of the following matter which represents a suggestion for improved internal controls or immaterial deviations of noncompliance:

Immaterial Deviations of Noncompliance

2011-3 Reimbursement of Employee's Social Security and Medicare

Condition: The Town of Grand Coteau reimburses employees their portion of social security and medicare. Beginning in January of 2011, when the law changed to reduce the employee's percentage of social security by 2%, the town was deducting 4.2% from each employee's payroll check and reimbursing them 6.2%, thereby paying an additional 2% to each employee.

Criteria: According to Louisiana Revised Statute 42:1111, no public employee shall receive anything of economic value, other than compensation and benefits from the governmental entity to which he is duly entitled, for the performance of the duties and responsibilities of his office or position.

Cause: The Town did not properly change its payroll accounting system to reflect the reduced 2% in social security for the deduction as well as the reimbursement on payroll checks.

Effect: The Town of Grand Coteau paid excess wages to employees.

Recommendation: We recommend that the Town of Grand Coteau change the payroll accounting system to properly reflect all aspects of the reduced employee percentage of social security.

Response: The Town will have the payroll accounting system changed before the next payroll to properly reflect the changes in the new law.

A handwritten signature in cursive script that reads "John S. Dowling & Company".
Opelousas, Louisiana
December 29, 2011